Supreme Court of the United States

No. 196.

WILLIAM F. KESSLER,
Appellant,

vs.

GEORGE S. ELDRED,
Appellee.

BRIEF ON BEHALF OF THE PARTY ELDRED.

May it please the Court:

This cause comes up on the certificate of the Circuit Court of Appeals for the Seventh Circuit, giving a statement of facts and propounding four questions.

Inasmuch as questions thus certified to this court must relate to the case at bar (*Daniels* v. *Rock Island Ry. Co.*, 3 Wall., 250), it becomes necessary to ascertain the facts upon which these questions are predicated.

The Record.

The printed record is very short and, still further condensed, recites that Eldred brought suit against Kessler in the District of Indiana for the infringement of the Chambers patent by the manufacture and sale of certain cigar lighters. Judgment was in favor of Kessler on the ground of non-infringement.

Subsequently Eldred brought suit in the Northern District of New York against Kirkland, who was selling a similar lighter, and this suit was decided in Eldred's favor.

Eldred then brought suit in the Western District of New York against Breitwieser, a user of Kessler's lighter of the same form as that which was held in the first suit to be no infringement of the patent. This Breitwieser suit is alleged to have intimated Kessler's customers "so that they ceased to send in further orders for lighters and refused to pay for lighters already sold and delivered to them."

Kessler assumed the defense of the Breitwieser suit.

Afterwards the present suit was brought by Kessler in the Northern District of Illinois by a bill to enjoin Eldred from prosecuting any suit in any court against any one for infringement of the Chambers patent by the use or sale of lighters made by Kessler which are identical with the lighter before the court in the first suit.

The opinions of the Circuit Courts of Appeal for the Seventh and Second Circuits in the first suit and the Kirkland suit are made a part of this record by being definitely cited therein as follows: *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342.

Limitations of the Record.

It should be noted that the record shows simply that Eldred has commenced *one*, and *only one*, suit against a customer of Kessler's. There is no allegation of even a threat of other suits; neither is there any allegation that notices of infringement have been sent to other customers. The sole complaint is that the suit against Breitwieser

has caused customers to desert Kessler and refuse to pay for goods obtained from him.

The record is silent as to whether Breitwieser acquired title to the Kessler lighters, because of the use of which he is sued, *before* or *after* the judgment in *Eldred* v. *Kessler*. It is equally silent as to whether all of the lighters used by Breitwieser are of the Kessler manufacture.

The Situation Summarized.

Adhering strictly to the record, it appears, therefore, that Eldred first sued Kessler in the Seventh Circuit under the Chambers patent. Judgment was rendered in favor of Kessler on the ground of non-infringement.

Eldred then sued Kirkland in the Second Circuit under the Chambers patent for selling an article similar to the Kessler lighter involved in the previous suit, and judgment was rendered in favor of Eldred, infringement being found.

Eldred now finds the party Breitwieser using in the Second Circuit lighters similar to those which had been used by Kirkland, and which were adjudged by the Court of Appeals of the Second Circuit to be an infringement of the Chambers patent. Obviously under the decision in the Kirkland case the use of such lighters by Breitwieser in the Second Circuit must be an infringement of the Chambers patent. If such lighters were of the same manufacture as those before the court in the Kirkland suit, Eldred was, of course, entitled to an injunction against their further use. The only question about which there could be any doubt whatever would be as to whether if such lighters, though of the same form as those in the

Kirkland case, were made by Kessler, instead of by the manufacturer of the Kirkland lighter, an estoppel existed which would deprive Eldred of the right to an injunction?

The record shows that Eldred promptly set the machinery in motion for determining this question. The opinion of the Court of Appeals in *Eldred* v. *Kirkland* was handed down April 19, 1904 (130 Fed., 342), and the Breitwieser suit was commenced the following month. (See statement of facts herein.)

It further appears from the record, that Kessler promptly and voluntarily assumed the defense of the Breitwieser suit, thereby subjecting himself to the jurisdiction of that court.

The record also shows that in *Eldred* v. *Kessler* the acts complained of in the bill were the "manufacture and sale" of lighters in infringement of the claims of the Chambers patent; and that in the Breitwieser suit the infringing act complained of was that of "user" only.

While the statement of facts in the record is that in *Eldred* v. *Kessler* the complaint was of the infringement of "all of the claims," it is silent as to which of the claims of the Chambers patent were sued on in *Eldred* v. *Kirkland*, or in *Eldred* v. *Breitwieser*.

On the other hand, the opinions of the courts in *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342, show that the claims passed upon in the former suit were 1, 7, 10 and 12, while those passed upon in the latter suit were 1, 5 and 10. These opinions show that the two Courts of Appeals were in harmony as to claim 1; that they disagreed as to claim 10; that one of them only passed upon claims 7 and 12; and that the other court alone passed upon claim 5.

ARGUMENT.

Before taking up for particular consideration the several questions propounded, the following observations on the record as a whole are submitted.

The purpose of Kessler's bill is stated in the record to be

> "to enjoin Eldred from prosecuting any suit in any court of the United States against any one for alleged infringement of the Chambers patent by purchase, use, or sale of any electric cigar lighter manufactured by Kessler and identical with the lighter in evidence before the Circuit Court. . . . in . . . Eldred against Kessler."

The prayer for this relief is predicated upon the naked fact that a single suit has been brought by Eldred against a user (Breitwieser) of Kessler's goods. This single act complained of is not alleged to be attended by any other interference whatsoever with Kessler's business—there is no allegation that other suits have either been brought or threatened, or that any assertion by Eldred that other customers of Kessler are infringers.

The vital question in the suit, therefore, is as to the power of a court of equity to enjoin a patentee, who has been defeated in his suit for infringement brought against a manufacturer, from prosecuting a suit commenced against a customer of the same manufacturer.

Alleged Injury.

The injury alleged to have resulted from the bringing of the Breitwieser suit is thus recited in the record:

> "Many of Kessler's customers were intimidated by the Breitwieser suit, so that they ceased to send

> in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them."

That is to say, dealers in and users of these goods have, as a result of the bringing of the Breitwieser suit

(*a*) refrained from giving further orders to Kessler;

(*b*) those who had already received goods from him have refused to pay for the same.

Because of this conduct of such dealers and users, Kessler asks a court of equity to restrain Eldred from prosecuting a claim against another party, Breitwieser.

If it be a fact that such dealers and users have been so intimidated by the bringing of the Breitwieser suit that they have withheld further orders, their apprehension of danger must have been either real or imaginary.

If real, *i. e.*, if the Breitwieser suit shall result favorably to Eldred and thus establish his contention that dealers in and users of Kessler's lighters are infringers of the Chambers patent, then obviously Kessler has here no just cause for complaint. It is axiomatic that a party may not interfere with the rights of another because the pursuit and enjoyment of such rights by such other are thought to be inimical to his interests.

If such fears alleged to be entertained by dealers in and users of these goods are imaginary, then Kessler is seeking extraordinary relief because of groundless apprehension on the part of his customers. It is submitted that a court of equity may not properly intervene to protect a party against actions based on fancied dangers.

Touching the second alleged injury, viz., the refusal of Kessler's customers to pay for goods already delivered to them, it may be said that Kessler has the same remedy against those parties as if they were declining to

pay on any other pretext. Certainly Kessler has no right to restrain Eldred from pressing a claim he believes he has against Breitwieser, because A, B or C may use such suit as a pretext for refusing to pay Kessler for goods obtained from him.

Kessler's Alleged Duty.

The statement in the record that Kessler

> "will be compelled in the proper discharge of his duty to his customers to assume the burden and expense of all suits which may be brought by Eldred against other customers"

we assume to be a mere abstract proposition of law. As such it is not controlling on this court, as are the statements of fact found in the record.

This proposition has no statutory basis. If such duty exist it must be grounded solely upon contractual relations entered into between Kessler and his customers, and which are not shown.

The defense by manufacturers of infringement suits brought against their customers is assumed either for reasons of policy or under a guaranty given with the goods. No mere voluntary assumption of defense can be binding upon third parties or create any right as against them. This being true, a court of equity is not warranted in imposing its strong arm by way of injunction against one who was not a party to a contract, because the complainant finds that he has assumed an irksome burden.

Multiplicity of Suits.

The record leaves it to be inferred that there is apprehension of further litigation. A part of the alleged duty Kessler feels obligated to assume is the defense of "all suits which may be brought by Eldred against other customers."

As has been pointed out, the record contains no allegation of even a threat of such further litigation. Of course, it may well be inferred that if the issue of the Breitwieser case shall be favorable to Eldred, he will thereupon bring other suits against customers of Kessler; but it is not to be inferred that if the issue be otherwise Eldred will resort to further litigation. Indeed, the very fact that he has brought but a single suit evidences his good faith. It is clear that he is making this a test case and that if his purpose had been mere annoyance and intimidation, instead of one he would have promptly brought many suits. If he prevail in that single suit obviously he has a right to bring others.

Eldred's good faith in bringing the Breitwieser suit as a test of the questions there raised, is not to be denied. Should the judgment in that case be adverse to him and should he then institute a similar suit against another customer of Kessler, especially should he institute a number of such suits, it is not at all improbable that a court of equity would be justified in restraining him from its or their prosecution on the ground that the litigation was merely vexatious and not brought in good faith. A bill to restrain the prosecution of a single suit, even though it may be reasonably apparent that it will be the first of a series should it terminate favorably to the complainant, is entirely a different matter, however, and

is a mere effort to induce one court to assume jurisdiction of the questions already at issue in another court of co-ordinate jurisdiction. This course is peculiarly indefensable when, as admitted by the party Kessler, the questions of law raised in the single suit which has been brought by Eldred against his customer have never before been made the subject of a judicial decision.

The Nature of the Bill.

This bill, if it belong to any recognized class and is not *sui generis,* must be regarded as a bill of peace.

> "A bill of peace is a bill filed in equity, praying for an injunction to stay a large number of separate suits involving the same right, or to prevent the vexatious recurrence of inconclusive litigation of the same right, and to adjudicate finally the whole controversy in the one suit. It is designed to secure repose from perpetual litigation."
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> 3 Encylclopædia of Pleading & Practice, 556.

It is believed that this is the accepted definition of bills of this character. Under this definition such a bill will not lie for the purpose of entirely preventing the adjudication of a claim. Its purpose is to secure such adjudication, if possible, by a single suit.

It obviously has no foundation, therefore, in a situation in which but a single suit is resorted to for the purpose of securing an adjudication of the questions raised; surely not unless, while bringing but a single suit, the party complained of is threatening others.

In the brief filed in this case on behalf of Kessler, a large number of authorities are cited wherein courts of equity have granted injunctions to restrain suits against the customers of a manufacturer, but in every instance it

will be found that such injunction was temporary and granted to run until the determination of a single suit involving the questions at issue. No instance is cited, and none is believed to exist, in which such an injunction was made perpetual. In the authorities cited it does not appear whether all of the questions which might arise in the suits against customers would be considered in the suit against the manufacturer. It was enough that the main questions of validity of the patent and of infringement were raised in all of the cases. These authorities do not afford any guide to the course to be pursued after the determination of the parent suit. Then the injunction ended.

Ordinarily it may well be supposed that if the judgment in the case tried out was favorable to the complainant, he would proceed at once to press the suits which had been stayed, while if unfavorable to him he would likely drop the other suits unless questions remained to be there adjudicated.

The authorities cited, therefore, even if they were to be regarded as controlling in like situations, stop at the very threshhold of this case, which, while being an effort to terminate litigation, attempts to do so by forestalling a judgment on a full record.

Absence of Precedent.

It will be time to interpose a bill of peace when a multiplicity of suits shall have been commenced.

As stated in the brief on behalf of Kessler, the situation here is unique. There is no reported case in which the questions now arising were decided.

So soon as the Circuit Court of Appeals of the Second

Circuit had held the Chambers patent valid and infringed by a lighter of the type in question, made by a party other than Kessler, then Eldred was confronted with the question as to his right to an injunction against users of Kessler's lighter. As just remarked, this was an untried question. It was a vital question with him, and he sought its solution in the only way open, viz., by promptly bringing suit against one of these parties.

Under the Kirkland decision he was entitled to a judgment, unless the decision in *Eldred* v. *Kessler* created an estoppel. If this customer of Kessler's was protected by that judgment, there of course existed an adequate defense, and this defense was available by plea. Kessler, as appears from this record, assumed the defense of that suit, and it must be presumed that he interposed the defense of estoppel which he now urges.

The present bill must rest, if it have any foundation, upon the estoppel created by the old judgment. Indeed, that is the very ground on which the bill is filed.

According to the theory of the complainant herein, therefore, he had available an adequate legal defense to the suit brought against Breitwieser and assumed by him. This being true, a court of equity is without power to enjoin the prosecution of the Breitwieser suit.

In *Hungerford* v. *Sigerson,* 20 How., 156, this court says:

> "Where a party has failed to make a proper defense at law through negligence equity will not aid him."

In that case there had been a judgment, rendered between the same parties, and subsequently the defendant sought to restrain the plaintiff from enforcing that judgment in full, alleging that the debt was smaller than adjudged and that he had adequate defenses which were

not availed of in the prior suit. The present case differs from that only in that the earlier suit was pending at the time this one was commenced.

The situation is, therefore, one which brings the case strictly within the rule laid down by this court in *Wilson* v. *Lambert,* 168 U. S., 611, as follows:

> " We adopt the observation made in the dissenting opinion in the Court of Appeals; 'there can be no reason or propriety in appealing to a court of equity to restrain proceedings that are being regularly conducted in other courts, competent to construe the statutes under which they act, and to decide every question that may arise in the course of the proceedings.' "

To the same effect was the conclusion of this court in *Peck et al.* v. *Jenness,* 7 How., 612 (quoting from 624):

> " It is a doctrine of law too long established to require a citation of authorities, that, where a court has jurisdiction, it has a right to decide every question which occurs in the cause, and whether its decision be correct or otherwise, its judgment, till reversed, is regarded as binding in every other court; and that, where the jurisdiction of a court, and the right of a plaintiff to prosecute his suit in it, *have once attached, that right cannot be arrested or taken away by proceedings in another court."*

The Breitwieser suit was pending at the time this suit was brought, and in a court of competent jurisdiction the issues had been joined. It is not even suggested on behalf of Kessler that the defense of *res adjudicata* is not available to him in that court, and hence the rule in *Wilson* v. *Lambert* exactly applies.

The same rule was laid down with equal emphasis by this court in *Hapgood* v. *Hewitt,* 119 U. S., 226, as follows:

> " The theory of the bill is, that there is a perfect

> defense to such a suit. In such a case a court of equity, certainly a Circuit Court of the United States, will not interfere to enjoin even a pending suit at law, much less the bringing of one in the future."

This would seem to dispose of the whole case.

Diversity in Causes of Action.

Another vital requirement in a bill of peace is that it shall be for the purpose of adjudicating "finally the whole controversy in the one suit."

This presupposes an identity of parties and an identity of causes of action.

As has been remarked, the opinions of the Circuit Court of Appeals in *Eldred* v. *Kessler,* 106 Fed., 509, and in *Eldred* v. *Kirkland,* 130 Fed., 342, have been brought to the attention of this court. From these opinions it appears that the claims which were adjudicated upon were not identical in the two cases—claims 7 and 12 having been considered by one court only, and claim 5 having been considered by the other only.

The record is silent as to which claims are asserted in the Breitwieser suit, though it may be reasonably assumed that Eldred has there asserted the claims which have been sustained and held to be infringed in the Kirkland suit, rather than those which were held void or not infringed in the Kessler suit.

Further Diversity in Causes.

While the record shows that Breitwieser is a user of lighters made by Kessler, it is silent as to whether all of the lighters used by him are of that manufacture. Though he may be an extensive user of the Kirkland lighter, that

fact cannot be inquired into, if Kessler's contentions are right, because he is also a customer of the latter.

Anomalous Situation.

In view of the diversity of the decisions by the Courts of Appeals of the Seventh and Second Circuits, this this anomalous situation is created:

The Kessler and Kirkland lighters are alike. The Kirkland lighters were adjuged to be an infringement of the Chambers patent. The Kessler lighters were adjudged in the Seventh Circuit not to infringe.

If the contention now made on behalf of Kessler be sound, then Breitwieser or any other user located in the Second Circuit may be enjoined from using the Kirkland lighter, but not from using the Kessler lighter, notwithstanding their similarity. If the prayer of Kessler's bill in this cause shall be granted, the Chambers patent cannot be enforced in the Second Circuit against any lighter for the reason that users would provide themselves with lighters purchased from Kessler; whether exclusively or not would be immaterial, for if Eldred cannot sue a customer of Kessler's that customer might with impunity deal in and use as well the Kirkland lighter.

The Breitwieser suit was brought for the purpose of terminating this anomalous condition. The bill in the present cause was brought for the purpose of perpetuating it. There is no allegation in the present cause that the court in the Western District of New York is without jurisdiction to entertain and properly dispose of all questions arising between the parties.

Estoppel.

Though it may be a moot question whether an estoppel actually exists in this cause, it is urged on behalf of Eldred that as between him and any customer of Kessler there is no estoppel growing out of the earlier judgment in *Eldred* v. *Kessler*. In *Lyon* v. *Perin Mfg. Co.*, 125 U. S., 698, it is said:

> "It is well settled that in order to render a matter *res adjudicata* there must be a concurrence of the four conditions, viz., (1) identity in the thing sued for; (2) identity of cause of action; (3) identity of persons and parties to the action; and (4) identity of quality in the persons for or against whom the claim is made."

Applying this rule to the present cause it is obvious that (1) the thing sued for is not the same in that the suit is predicated on different claims of the patent; (2) that the identity of cause of action cannot be the same in that the lighters used by Breitwieser are unquestionably not the same lighters as were before the Court of Appeals in *Eldred* v. *Kessler*; (3) the persons and parties are different, Breitwieser, the later defendant, not having been a party to the earlier cause and not being privy to it; (4) the identity of quality in the persons is different in that Kessler was a manufacturer and Breitwieser is a user.

Different Causes of Action.

The first, second and fourth essential elements to estoppel, as above enumerated, viz., identity of the thing sued on, identity of cause of actoin, and identity of quality in the persons may be considered together.

The rule is that an estoppel can exist only as to those

questions which were actually adjudicated and not as to those things which might have been adjudicated (*Washington A. & G. Steam Packet Co.* v. *Sickles*, 24 How., 333, and *Cromwell* v. *Sac County*, 4 Otto, 351).

The record shows that in *Eldred* v. *Kessler* the bill alleged that "Kessler's *manufacture and sale* of the Kessler lighter infringed all the claims;" the bill in the Breitwieser suit alleges "user" only.

The statute provides that patents shall grant three separate privileges, viz., the right to manufacture; the right to vend; and the right to use, and it was held by this court in *Birdsell* v. *Shaliol*, 112 U. S., 485, that these grants constitute separate causes of action, the court saying:

> "No more does one who pays damages for selling a machine in infringement of a patent, acquire for himself or his vendee any right to use that machine. . . . The recovery and satisfaction of a judgment for damages against one wrong doer do not ordinarily confer, upon him or upon others, the right to continue or repeat the wrong."

In accordance with the record, therefore, the causes of action between Kessler and Breitwieser are different in this regard. They necessarily differ, also, in that the particular goods used by Breitwieser were not before the court in *Eldred* v. *Kessler*; and applying the rule followed in *Steam Packet Co.* v. *Sickles* & *Crowell* v. *Sac County, supra*, this of itself constitutes a diversity in the cause of action.

Turning now to the reports of the decisions of the two Circuit Courts of Appeals in *Eldred* v. *Kessler*, 106 Fed., 509, and *Eldred* v. *Kirkland*, 130 Fed., 342, it is found, as has already been said, that a part only of the claims of the Chambers patent were considered by each court, and that the same claims were not before both courts.

That no estoppel can be predicated upon a judgment relating to different claims of a patent than those which are subsequently sued on, was conclusively established in *Russell* v. *Place*, 94 U. S., 606, wherein it was distinctly held that the same defendant was not estopped from urging any and all defenses which he might desire to set up because of prior adjudication on the same patent, it being uncertain from the record whether both claims of the patent were considered in the earlier cause. Of course, if an estoppel fails because of uncertainty as to the extent of the prior adjudication, it follows that when the record shows with certainty that the claims considered were different there can be no estoppel. Any attempt to reach a different conclusion would be as hopeless as an attempt to establish that the lesser is not included in the greater.

The third essential element to estoppel, to-wit, identity of parties, does not exist in this cause, as Breitwieser was not a party to the suit of *Eldred* v. *Kessler;* neither was he privy thereto, even in the sense of taking title subsequent to the judgment, so far as is disclosed by the record. It is submitted that privity is not to be inferred but must be distinctly pleaded. In the absence of any allegation as to when Breitwieser purchased the goods of Kessler, it is not to be assumed that he bought them subsequent to the judgment, but that would need to be a matter of proof.

Absence of Mutuality.

There is another vital consideration to estoppel, viz., mutuality. Under the rule laid down as stated by this court in *Litchfield* v. *Goodnow*, 123 U. S., 549—

"As she was not bound the Homestead Company

> and its assigns were not. Estoppels to be good must be mutual."

—there can be no estoppel pleaded in favor of Breitwieser unless he would have been bound had the judgment in *Eldred* v. *Kessler* been in favor of the complainant instead of the defendant.

Judicial License.

The brief submitted on behalf of the party Kessler proceeds on the theory that the judgment in his favor in *Eldred* v. *Kessler* put him in the same relation to the patent as if he were licensed under it—that is to say, that he has in effect been granted a judicial license under the patent. The brief admits that there is no authority for such conclusion, and supports the contention only by a forced argument based upon a line of authorities which fall far short of reaching any such conclusion, as, for example, *Ide* v. *Ball Engine Co.*, 31 Fed., 901. In these cases a mere temporary injunction was granted in order that certain questions common to a plurality of suits might be tried out in one of them. In every one of these cases the injunction was granted to run only to the termination of the single suit. Then all questions would become open, and there was no intimation by the courts that the injunction would be made permanent if the decision in the case to be tried out was favorable to the defendant. Then the whole question of estoppel would become involved and obviously could not be determined in advance.

The argument advanced that a judgment of non-infringement practically puts the defendant in the same relation to the patent as would a license, is sophistical and

will lead to endless confusion. As a matter of fact such a judgment puts the defendant in a position exactly reverse to that of a licensee. He is held to be entirely outside of the patent. The licensee is brought within it. The one acts in defiance and the other under the protecting wing of the patent.

The agreement advanced in support of such a proposition, that a license is "such a surrender, in general, unlimited and unconditional terms, puts a licensee where he would be if no patent had ever existed" is misleading and untrue. A license is not a surrender of rights but a conferring of rights. It is not a letting go of a thing possessed but an assumption of obligation, for the licensor must protect the licensee against infringers or allow him the use of his name for the purposes of litigation.

A license may be pleaded in bar of a suit for infringement as well by those who take title under the licensee as by the licensee himself. Whether a judgment may be pleaded in bar by the original defendant of a suit for infringement based upon subsequent manufacture, even though of devices similar to the one adjudicated upon, has never been judicially determined. Certainly such a judgment may not be pleaded in bar of an infringement suit brought against a third party, because, under the rule of mutuality of estoppels, had the judgment been the reverse of what it was it would not have concluded such third party but would have left him free to make any and all possible defenses to the suit.

If, therefore, any logical deduction is to be made in the attempt to compare a judgment of non-infringement with a license, it leads ultimately to the conclusion that such judgment is not available even by the original defendant, technically, as an estoppel but, if at all, upon the principles of comity.

The Questions.

Taking up now in order the questions propounded in the record, we find the first one to be as follows:

> "Did the decree in Kessler's favor, rendered by the Circuit Court for the District of Indiana in the suit of Eldred against Kessler, have the effect of entitling Kessler to continue the business of manufacturing and selling throughout the United States the same lighter he had theretofore been manufacturing and selling, without molestation by Eldred through the Chambers patent?"

This question is not properly before the court in that it does not relate to the case at bar (*Daniels* v. *Rock Island Ry. Co.*, 3 Wall., 250), unless it is to be construed as relating to a molestation by the bringing of a suit against a customer of Kessler. The gist of the question seems to be in the word "molestation." The record is absolutely silent as to any molestation or threatened molestation of Kessler, save by the single act of bringing this suit against Breitwieser.

If this is the meaning of the question then it becomes substantially identical with the second question, which is as follows:

> "Did the decree mentioned in the first question have the effect of making a suit by Eldred against any customer of Kessler's for alleged infringement of the Chambers patent by use or sale of Kessler's lighters a wrongful interference by Eldred with Kessler's business?"

The answer to these two questions involves a consideration of the questions of identity of causes of action, identity of parties, and estoppel, which have been hereinbefore discussed.

Unless the customer Brietwieser was a party or privy to the earlier suit against Kessler, he is a stranger to that record, and would not have been concluded by a judgment therein in Eldred's favor, and hence is not protected by the judgment therein in Kessler's favor.

The record entirely fails to connect him in any wise with that earlier suit. It has never been judicially determined that the subsequent manufacture of similar articles to those which were before a court would constitute the same cause of action as did the manufacture of those articles which were before the court, and certainly privity of a customer to the earlier suit cannot in any event be predicated upon his purchase of goods from the original defendant, unless it affirmatively appear that such purchase was made subsequent to the judgment.

An affirmative answer to these questions would be to rule that a court of equity has jurisdiction over bills brought to enforce a purely legal defense. A statement of this proposition would seem to show the absurdity of it. If the judgment in *Eldred* v. *Kessler* renders *res adjudicata* the question of infringement of the Chambers patent by the manufacture, use, or sale, by Kessler, of lighters simiar to the lighter therein adjudicated upon, and if Breitwieser was privy to that cause then he has a perfect legal defense to the suit which has been brought against him. The language hereinbefore quoted from *Hapgood* v. *Hewitt*, 119 U. S., 226, and now repeated, might as well have been predicated upon the facts appearing in this record as in that one:

> "The theory of the bill is, that there is a perfect defense to such a suit. In such a case a court of equity, certainly a Circuit Court of the United States, will not interfere to enjoin even a pending suit at law much less the bringing of one in the future."

The conclusion of this court in *Wilson* v. *Lambert*, 168 U. S., 611, already referred to and now repeated, is also exactly in point:

> "We adopt the observation made in the dissenting opinion in the Court of Appeals; 'there can be no reason or propriety in appealing to a court of equity to restrain proceedings that are being regularly conducted in other courts, competent to construe the statutes under which they act, and to decide every question that may arise in the course of the proceedings.'"

As has already been remarked, every question which could be raised in this record could, with equal propriety, be raised in the Breitwieser suit and could there be considered on a full record.

The anomalous situation created by the diversity between the two Circuit Courts of Appeals in applying the Chambers patent to such a lighter as that made by Kessler adds emphasis to the impropriety of checking such a full and complete adjudication of the questions which arise in the Breitwieser suit as will make it possible to secure a final decision of the question which will remove this conflict. It is of prime importance that a patent shall be given the same interpretation and scope throughout the entire country and as applied to all persons. It is an absurdity that this patent shall mean one thing in one section of the country and as applied to the goods of one manufacturer, and quite a different thing in another section of the country and as applied to the goods manufactured by other parties. Unless, therefore, the record shows that there is a complete estoppel to any claim set up under the Chambers patent against any lighters manufactured by Kessler, whenever they may have been made or in whatsover hands they may be found, it would seem

to be of the utmost importance that there should be no interference with the Breitwieser suit to the end that the existing anomaly above referred to may be removed.

The third question is as follows:

> "Did Kessler's assumption of the defense of Eldred's suit against Breitwieser deprive Kessler of the right, if that right would otherwise exist, of proceeding against Eldred in the state and district of his citizenship and residence for wrongfully interfering with Kessler's business?"

The record herein shows that Kessler has assumed the defense of the Breitwieser suit. Under the authorities hereinbefore cited the presumption is that he has therein set up all of the defenses available. If he has not done so he is not entitled to invoke the aid of an equity court to remedy his omission.

There cannot possibly be any ground for the bill in the present case, except that it is predicated upon an estoppel in favor of Breitwieser. If such estoppel exist it was a good and legal defense to the Breitwieser suit, it was entirely available to Kessler in that case, and the presumption is that he availed himself of it.

He must therefore be held to have had his day in court on this question as between himself and Eldred, and if any estoppel can be found anywhere in this case it is an estoppel operative against Kessler, rendering the whole question as between himself and Eldred *res adjudicata* because of the latter's intervention in the Breitwieser suit.

Not only was the defense of estoppel available in the Breitwieser suit, if anywhere, but it is perfectly obvious that if there was such a defense its use there would have served the very purpose sought here to be attained by Kessler. In assuming the defense of the Breitwieser case Kessler was acting in his own interests. He was

seeking to save his own business by saving his customers.

The inference is perfectly justifiable from the record herein, that his only reason for bringing this suit was to shift the scene of action from one forum to another. It is an attempted misuse of a court of equity to thus seek to have it assume the determination of a question already at issue in another court of competent jurisdiction.

It is asserted in the brief on behalf of Kessler (page 31) that

> "He [Kessler] is not a party to that [Breitwieser] case, and has no relation to it except as paymaster of fees and expenses. Has done nothing in that case to estop him from proceeding in this case."

It is respectfully suggested that this matter is *de hors* the record, but if this court consider it necessary, in order to answer the questions certified, that the facts in the Breitwieser case be before it, it order the record in that cause brought up.

If matter *de hors* the record be considered, then we deem it proper to say that as a matter of fact Kessler petitioned the court having jurisdiction of the Breitwieser suit to be made a party thereto; his petition was granted; he entered a plea of estoppel in view of the judgment in *Eldred* v. *Kessler;* that plea was overruled; he stood on the plea, and a final decree has been entered sustaining the patent, finding infringement and granting a perpetual injunction.

The fourth question reads as follows:

> "If Eldred's acts were wrongful, had Kessler an adequate remedy at law?"

The answer to this question is found in the inquiry as to the kind of a suit Kessler will bring against Eldred if

he seeks to recover damages for injury to his business. Such suit necessarily will be a suit at law and will present no questions which may be submitted to the equity side of the court.

If a suit at law is the proper remedy for any wrong which Kessler may believe has been done to him, then it must be held that he has an adequate remedy at law. It will not do for him to argue that difficulties will present themselves in establishing his rights by proper proof. This is not a ground upon which equity may acquire jurisdiction, and such difficulties cannot be assumed to exist. No contention of inadequacy of remedy which would not entitle Kessler to seek damages from Eldred by means of a chancery suit, can possibly justify an interference with Eldred in a *bona fide* effort to litigate a claim against a customer of Kessler's.

As the record here shows, Kessler has alleged that many of his

> "customers were intimidated by the Breitwieser suit so that they ceased to send in further orders for lighters and refused to pay their accounts for lighters already sold and delivered to them."

Kessler makes this assertion, the ground upon which he seeks the restraining order prayed for. If it is a true statement it can be established by proof, and if it shall appear that in bringing the Breitwieser suit Eldred was guilty of a wrongful act towards Kessler, the result of which act was the loss of business complained of, then Eldred would doubtless be liable and a suit for damages would lie against him.

If the statement is not capable of substantiation by proof, then the whole ground on which the restraining

order here prayed for is sought is visionary and unsubstantial.

We respectfully submit that the first and second questions should be answered in the negative and the third and fourth questions should be answered in the affirmative.

Respectfully submitted,

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January, 1907.